

the plant for its own temporary use (“Indefeasible Right of Use Option” (“IRU”)) and the restrictions would be removed. The City of Los Angeles sought to retain title to and immediate use of the remaining 15 percent of fiber capacity for utility and any other use. For MediaOne, this would mean the imposition of unreasonable restrictions on MediaOne’s use of its own plant. The IRU option has since been removed from the DWP’s proposed agreement with MediaOne, but other provisions present difficulties.²⁸ For example, a doubling of pole fees from \$5 to \$10 per pole remains in the revised proposed agreement. Over a five-year period, the \$10 rate would subsequently escalate to \$25 per pole. The proposed fee increases and other related make-ready engineering/rearrangement costs MediaOne would incur to comply with other proposed restrictions would result in an estimated impact to MediaOne of approximately \$3.5 million. Another DWP proposal that poses a barrier to competition is an immediate \$25 pole attachment rate if the provider offers other telecommunications services. The DWP’s proposed pole attachment agreement appears to be part of a larger effort by the City to become a market participant in the telecommunications business.²⁹ For example, in a draft of the City’s request for qualifications for a telecommunications partner, the City states that it brings “significant contributions and assets to this enterprise and prefers a role with a *greater degree of proprietorship* than the traditional franchise

²⁸ Nevertheless, the IRU provision has resurfaced in recent telecommunications contracts approved by the City of Los Angeles, including one recently approved by the City’s Board of Information Technology Commissioners on July 18, 1997.

²⁹ Los Angeles Times, July 7, 1997 at D1.

agreement.”³⁰ Standing alone, the DWP’s proposed pole attachment agreement presents a significant barrier to facilities-based competition in Los Angeles. Taken in light of the City’s plans to become a market participant, this proposed contract presents compelling evidence for the need to remove the pole attachment exemption for municipally-owned poles.

Another instance where MediaOne has encountered pole attachment problems involves an electric cooperative. As mentioned earlier, MediaOne is facing head-to-head competition with the UCN-Clay partnership which was recently granted a cable franchise in Clay County, Florida. The limited partner, Clay Electric Cooperative, Inc. owns the poles in Clay County, and MediaOne currently pays Clay Electric Cooperative, Inc. an annual \$15 per pole rental fee. By comparison, UCN-Clay’s franchise application indicates that Clay Electric Cooperative, Inc. plans to contribute the use of its poles to the partnership, effectively creating a zero annual pole rental fee. Again, the exemption provides unfair advantage for UCN-Clay as it prepares to compete against MediaOne, enabling it to reduce costs and offer lower prices.

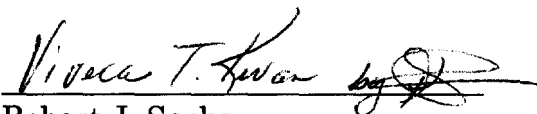
³⁰ Letter from Information Technology Agency to the Los Angeles City Council dated August 23, 1996, with attached draft Request for Qualifications, Los Angeles Telecommunications System (emphasis added). In the final Request for Information (“RFI”) regarding a Los Angeles Telecommunications System issued September 18, 1996, City states that it is looking to establish a city-wide telecommunications infrastructure with “the ability to provide voice, video and data transmission services . . . [and] additional services that may be economically and technologically feasible.” The RFI further states that, “[t]he Los Angeles Telecommunications System should generate revenues and fees via the sale of telecommunications services and infrastructure capacity at competitive prices.”

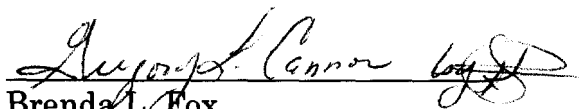
IX. SUMMARY

It is clear that the 1996 Act has spurred competition in the multichannel video programming market, as evidenced by the number and variety of alternative service providers currently competing with MediaOne. For the reasons discussed above, the Commission should report to Congress that multichannel video competition is taking place and is increasing in magnitude throughout the United States.

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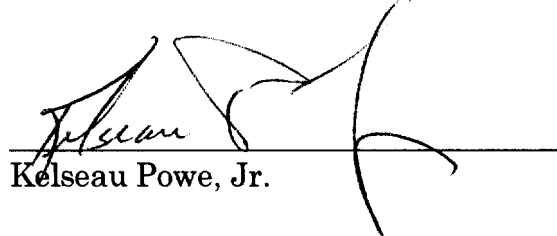
Its Attorneys

Of Counsel,
Dan L. Poole

July 23, 1997

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 23rd day of July, 1997, I have caused a copy of the foregoing **COMMENTS OF U S WEST, INC.** to be served via hand-delivery upon the persons listed on the attached service list.**


Kelseau Powe, Jr.

** As requested by the June 6, 1997 Notice of Inquiry (FCC 97-194), a 3 x 5 inch diskette is filed with the Office of the Secretary of the FCC, along with the original and hard-copies.

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